

Program Integrity & Audits Update

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Background: 2016 Provider Audit Workgroup

- Established by SEA 364-2016; focused on improving audit process with report due by 12/1/2016
- 3 public hearings across the state and several workgroup meetings
- Agency paused Program Integrity Rule rewrite to ensure alignment



Workgroup Recommendations and Status

- Reduce lookback period
 - *Addressed through rule*
- Improve audit methodology
 - *Addressing through policy*
- Increase communication
 - *Attending workshops and annual seminars; updating letters*
- Provide more education
 - *Posting more information at www.in.gov/medicaid/providers*



Communication & Education

The screenshot shows the Indiana.gov website with a navigation menu at the top. The 'EDUCATION' tab is highlighted. Below the menu, there are icons for various services: Indiana Medicaid for Providers, Provider Enrollment, Provider References, Provider Education, Business Transactions, Clinical Services, and About IHCP Prog. The main content area features a banner for 'Program Integrity Provider Education Training' with a search bar. Below the banner, there is a breadcrumb trail: INDIANA MEDICAID / IHCP PROVIDERS / PROVIDER EDUCATION / PROGRAM INTEGRITY PROVIDER EDUCATION TRAINING. The text explains that providers or provider representatives interested in learning more about the Indiana Health Coverage Programs (IHCP) policies and guidelines can use the provider education trainings below. Each provider education training will cover topics such as documentation requirements, billing guidelines, and other program integrity- and audit-related issues. These training presentations are intended to supplement the IHCP Provider Reference Modules and other IHCP-published provider reference materials. Identified training topics are listed below. Links to trainings will be added as they are developed.

Trainings/Presentations

- [Non-Emergency Transportation Documentation Requirements and Billing Guidelines](#)
- [Ambulance Transportation Documentation Requirements and Billing Guidelines](#)
- [Dental Provider Documentation Requirements and Billing Guidelines](#)
- [Program Integrity Audit Process Overview](#)
- [Program Integrity Self-Disclosure Protocol](#)
- [Behavioral Health and ABA Documentation Guidelines](#)

- Online webinars and trainings available (more in process)
- Sessions at workshops, annual seminar
- Conference/association -specific outreach



Program Integrity Rule Updates

- Overall structure
- Extrapolation methodology
- Look-back period (405 IAC 1-1.4-9(b) & (c)).
- Underpayment credit (405 IAC 1-1.4-9(e))
- Provider Education



PI Rule: Overall Structure

- Repealed various sections related to PI functions and recodified them in one rule
- Incorporated changes from ACA/federal mandates
- Clarified Pre-Payment Review process
- Addressed some issues presented by Provider Audit Workgroup

PI Rule: Extrapolation methodology

- 405 IAC 1-1.4-9(f): The amount of the overpayment made by a provider, as allowed under IC 12-15-21-3(5), by means of a random sample and extrapolation audit.
- In accordance with generally accepted statistical methods, the office shall:
 - Conduct the random sample and extrapolation audit and
 - Base the selection criteria

PI Rule: Extrapolation methodology

- **Terms:**

- **Universe-** All of the claims within a procedure code or set of procedure codes during the review period.
- **Extrapolation-** The application of the mean dollar mispayment amount from a sample of claims to a population of claims.
- **Mispayment-** A payment amount for a health insurance claim that is either higher or lower than the expected payment amount.

PI Rule: Extrapolation methodology

- Random sampling and extrapolation
 - Selection of the review period;
 - Defining the universe, sampling unit and sampling frame;
 - Designing the sampling plan and selecting the sample;
 - Reviewing each of the sampling units; and
 - Estimation mispayment by the random sampling and extrapolation audit.

PI Rule: Extrapolation methodology

- Estimation of mispayment:
 - Point estimate of sample mean
 - Point estimate of sample standard deviation
 - Margin of error
 - Confidence Interval and Upper and Lower Bounds
 - Stratified Samples
 - PI uses the lower bound, the same methodology used by CMS, in determining the estimated amount of mispayment.

PI Rule: Lookback Period

- Lookback period:
 - 405 IAC 1-1.4-9 (b)
 - Audits initiated on or before June 30, 2019: The audit look-back period shall be seven (7) years;
 - Audits initiated on or after July 1, 2019: The audit look-back period shall be three (3) years and one hundred (180) days.
 - The audit look-back period includes the timely filing period (405 IAC 1-1-3) for determining available audit dates.



PI Rule: Underpayment Credit

- 405 IAC 1-1.4-9(e):
 - Underpayments discovered in the course of an audit shall be accounted for as follows:
 - The sum of the underpayments shall reduce the sum of overpayment
 - If a provider identifies underpayments in the claims under audit for underpayments and, if the underpayments are verified by the office, the underpayments identified shall reduce the sum of overpayments.
 - Underpayments shall **only** reduce overpayment findings.

Questions?

Thank you!

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Appendix: Medicaid Audit Life Cycle

